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Transcript Exhibit(s)

Docket #(s): W-0354A-10-0116

W-0354A-10-0117

Exhibit #: A1-A5, I1, S1

AZ CORP COMMISSION
DOCKET CONTROL

2010 JUN - 2 P 2:35

RECEIVED

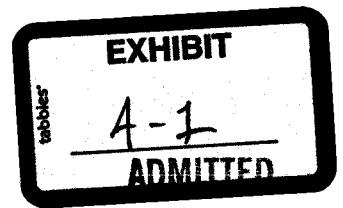
Arizona Corporation Commission

DOCKETED

JUN - 2 2010

DOCKETED BY

[Signature]



mail
4/2/09

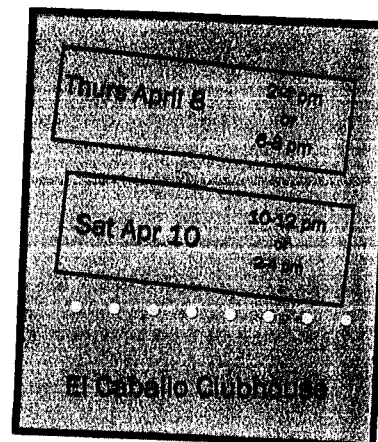


THINGS ARE CHANGING...
...it's important you attend one
of the meetings.

Presentation by:

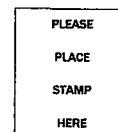
Myndi Brogdon, Brooke Utilities
Spokesperson and the Water
Committee

Questions & Answers Session



4th coffee

81211 w vista dle noret
payson



**Type address here or use Mail Merge
(under Tools) to automatically address this
publication to multiple recipients.**

NOTICE OF FILINGS – PAYSON WATER COMPANY

Application for Approval of Interim Water Augmentation Surcharge
and
Notice of Filing Revised Curtailment Tariff

[Mesa del Caballo System]

Dear Customer –

On March 30, 2010, Payson Water Company filed with the Arizona Corporation Commission (“ACC”) an application for Approval of an Interim Water Augmentation Surcharge (“Surcharge”), and a Notice of Filing Revised Curtailment Tariff (“Tariff”), applicable to its Mesa del Caballo water system. Developed in conjunction with the Mesa del Caballo Water Committee (“Committee”), the proposed interim Surcharge would allow Payson Water Company to pass through the direct costs of water augmentation service in the event groundwater supplies are insufficient to serve the Mesa del Caballo subdivision while a longer term plan is developed. The proposed Tariff, which was also developed in conjunction with the Committee, modifies current water curtailment requirements and specifies when water augmentation is necessary to supplement water production.

Payson Water Company has requested the ACC to process the application and notice on an **expedited basis** so that a mechanism is in place for cost recovery before any summertime water shortages need to be addressed. The company has absorbed the costs of its 2009 water augmentation activity on behalf of customers. The company is requesting that any future water augmentation costs be passed directly through to customers, on an interim basis and without any profit or markup to Payson Water Company whatsoever, until a permanent rate case and long-term water supply solution can be established with approval from the ACC.

A copy of the Application and Notice can be found at the ACC’s website at www.azcc.gov. To request a written copy of either document, please call the company’s Call Center at (800) 270-6084. We encourage you to participate in the ACC proceedings so that any questions or concerns can be appropriately addressed as part of the public process. The company has requested that a hearing on its Application be held no later than 20 days after it was filed with the ACC.

*mailing to cust
4/1/09*



Water Meeting

THINGS ARE CHANGING...

...it's important you attend one
of the meetings.

Presentations by:
Myndi Brogdon,
Brooke Utilities Spokesperson
and the Water Committee
Questions & Answers Session

Thursday April 8
2-4 pm or 6-8 pm

Saturday April 10
10-12 pm or 2-4 pm

El Comodoro Community House

*Myndi Brogdon,
Community Relations
Brooke Utilities, Inc*

Mesa Del Caballo
Water Supply Alternatives
CCCrugin
Drilling a Well
Temporary Pipeline
Water Hauling



EXHIBIT

A-2

ADMITTED

tabbles

Costs

when do
I have to supply



Permanent Supply

CCCragin

Well

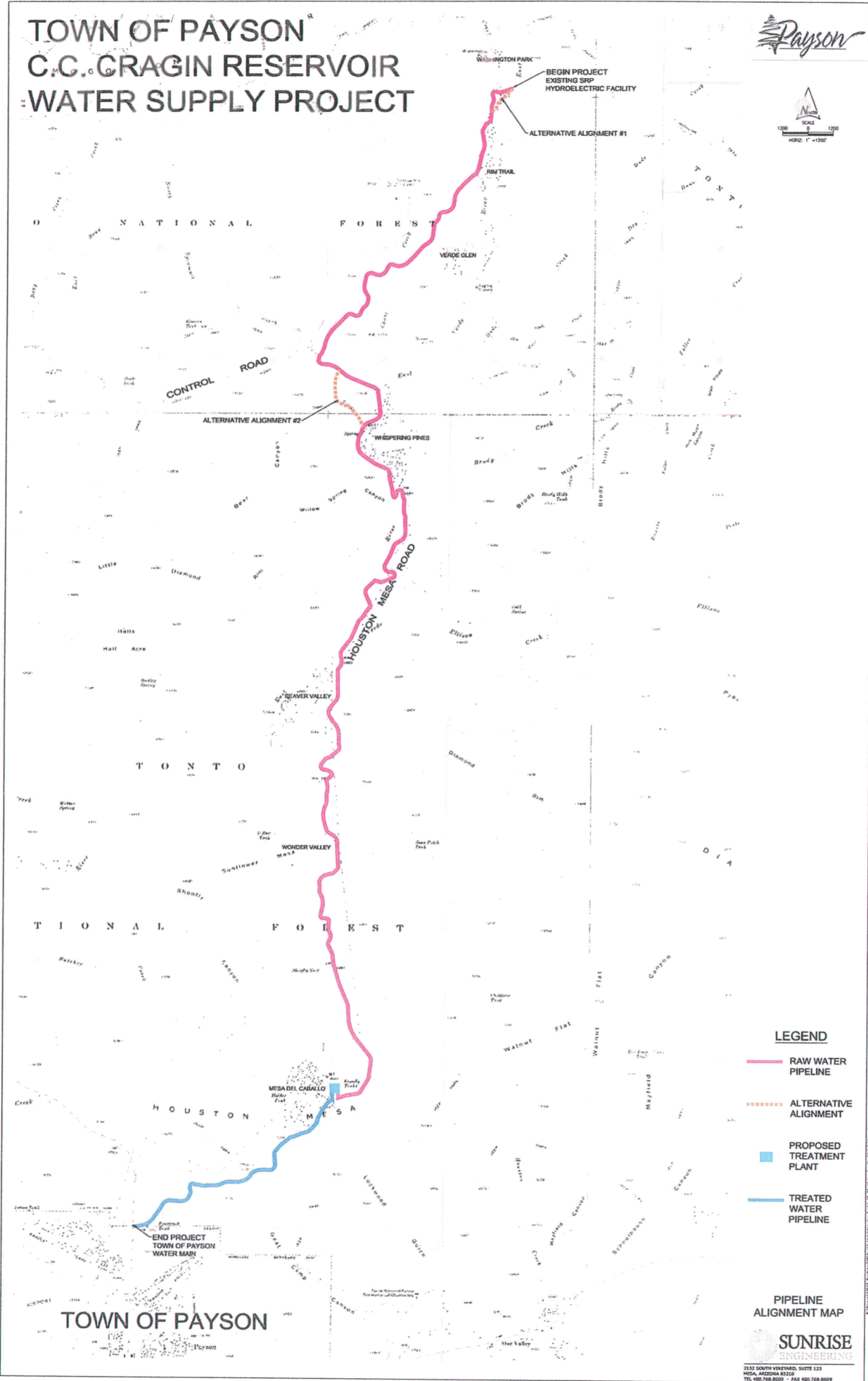
Water Augmentation

Temporary Pipeline

Water Hauling

TOWN OF PAYSON C.C. CRAGIN RESERVOIR WATER SUPPLY PROJECT

Payson



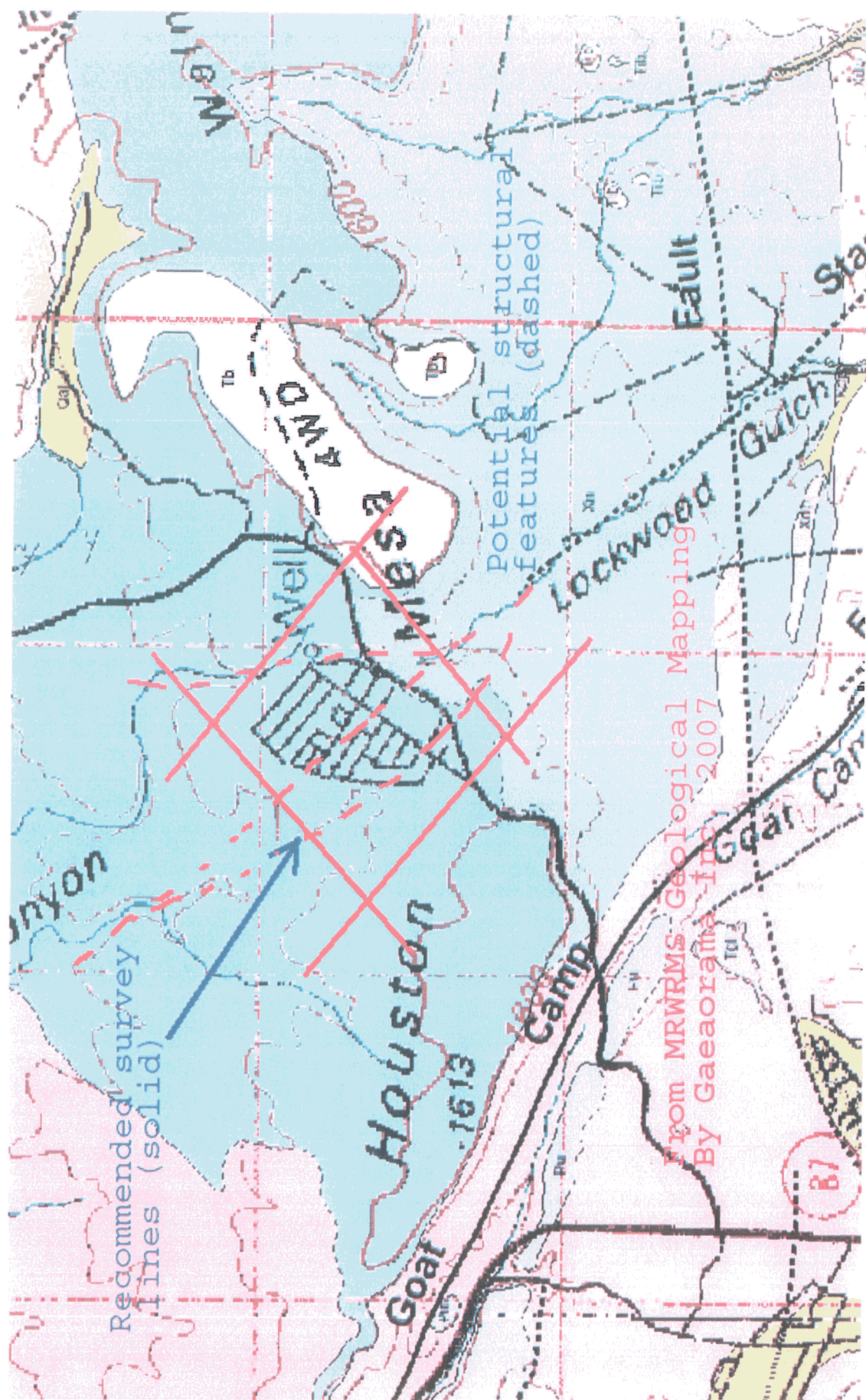
LEGEND

- RAW WATER PIPELINE
- ALTERNATIVE ALIGNMENT
- PROPOSED TREATMENT PLANT
- TREATED WATER PIPELINE

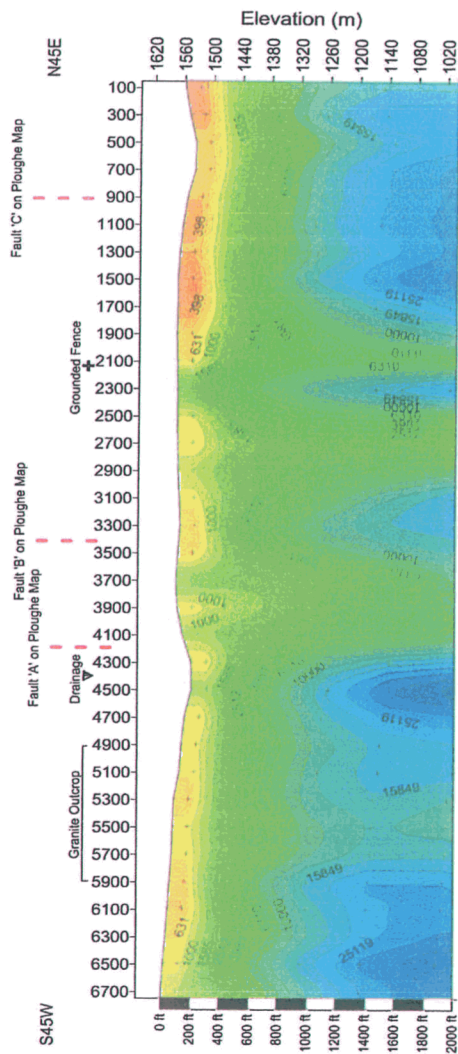
PIPELINE
ALIGNMENT MAP

SUNRISE
ENGINEERING

2132 SOUTH VINEYARD, SUITE 123
MESA, ARIZONA 85209
TEL: 480.768.8500 - FAX: 480.768.8509
www.sunrise-eng.com

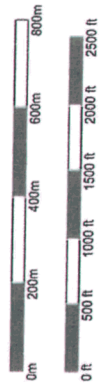
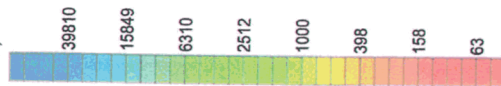


Resistivity Cross Section- Line 1

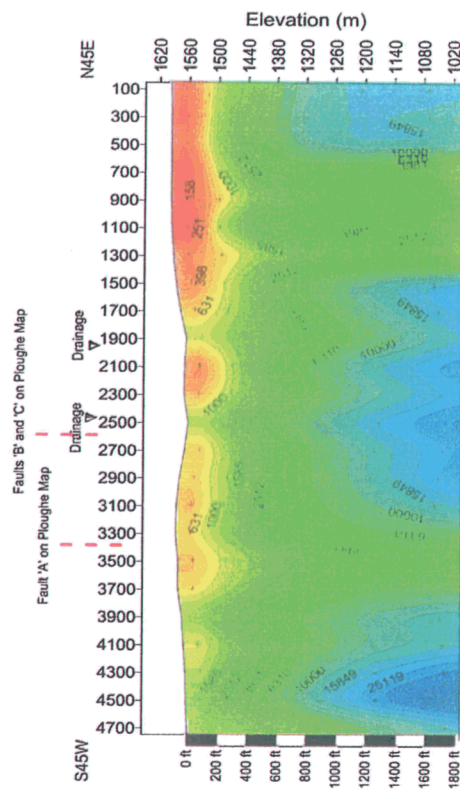
Model Resistivity
(ohm-m)

Natural Source Data

Receiver Data:
Length = 200 ft
Orient. = N45E
Inversion control parameters:
ResSmith=1, $\rho W=0.1$, $dxW=1$, $dzW=1$
SCS2D v3.20r



Resistivity Cross Section- Line 2



Mesa Del Caballo Project
Lines 1 and 2

1D Smooth-Model Inversion
Scalar NSAMT Data
by Zonge Engineering

AUTHOR	DRAWN	DATE	SCALE	REPORT
Zonge	nmp	24/02/10	1:10000	Job 10030

REFine 1 2d.mim

MdC Temporary Pipeline



Image USDA Farm Service Agency

Image Date: Jun 8, 2007

34°16'37.59" N 111°18'15.83" W elev 5328 ft

Google

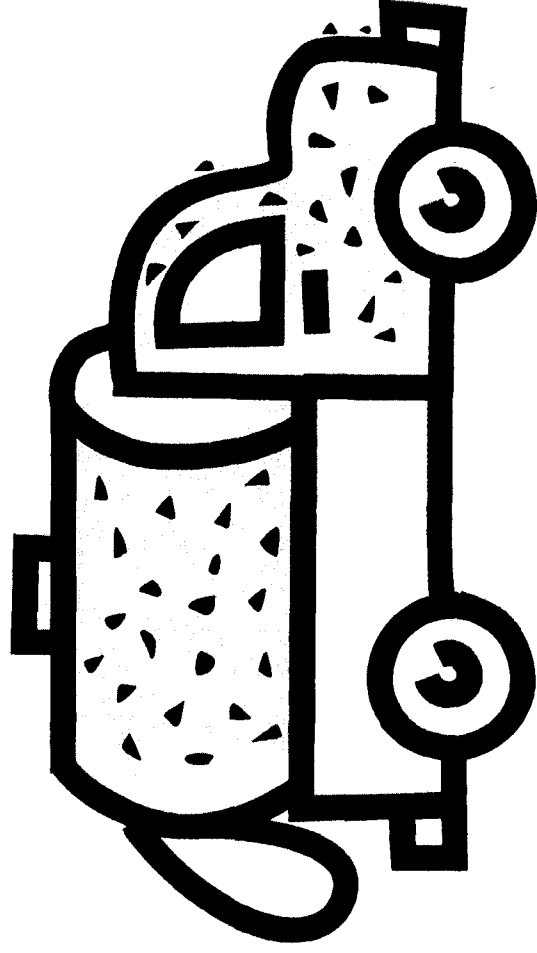
Eye alt: 13667 ft

Water Hauling

6,000 to 6,500 gallons per load.

About \$150 per hour + the cost of water.

\$6 per 1000 gallons





**WATER
CONSERVATION
EVERY DROP
COUNTS!**

***You can control your
water budget!***

EXHIBIT

A-3

ADMITTED



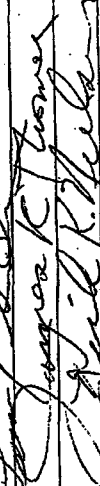
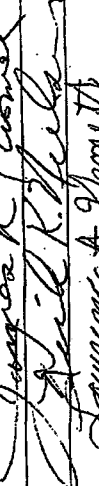
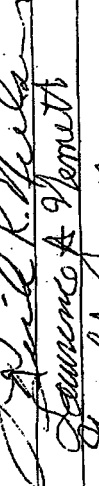
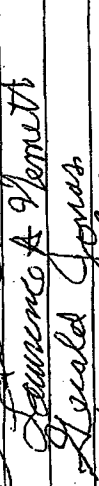
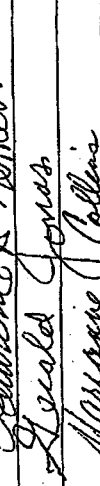
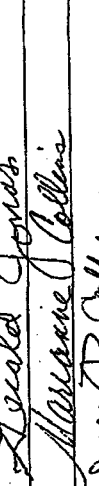
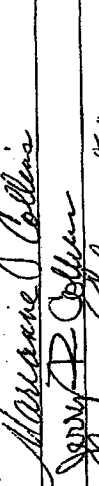



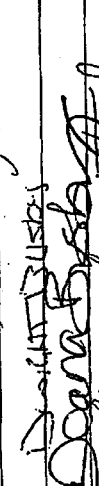



The names and signatures provided below are customers of Payson Water Company, Inc.'s Mesa Del Caballo water system and support the Company's effort at developing additional water supplies as well as the recent application to the Arizona Corporation Commission for a revised Curtailment tariff and Water Augmentation Surcharge.

NAME	LOT #	PHONE #	SIGNATURE
1 DAVE BLANK 106/107	472-4777		<i>[Signature]</i>
2 W. PET SIMPSON 108	474-3700		<i>[Signature]</i>
3 Sam LICKER	474-2676		<i>[Signature]</i>
4 Vera LICKER	" "		<i>[Signature]</i>
5 LOREN R JOHNSON LOT 221	474-5794-5796		<i>[Signature]</i>
6 Robert Buntan	474-3706		<i>[Signature]</i>
7 Alex Buntan	474-3362		<i>[Signature]</i>
8 JOHN BAINBRIDGE	478-6794		<i>[Signature]</i>
9 Roxanne Andersen	478-6171		<i>[Signature]</i>
10 Jim Yarbrough	480/991-1556		<i>[Signature]</i>
11 Steve Aleworth	928-468-2335		<i>[Signature]</i>
12 Joy O. Yarbrough	480/991-1556		<i>[Signature]</i>
13 Susan Starr #477	480-2783008		<i>[Signature]</i>
14 Diane Andersen	928-468-6587		<i>[Signature]</i>
15 Anthony Andersen	928-468-6584		<i>[Signature]</i>
16 Debbie Manella	928-404-5957		<i>[Signature]</i>

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NAME	LOT #	PHONE #	SIGNATURE
JERILYN BARRIS - #110-	474-3226		<i>Jerilyn Barris</i>
MARY I. BLOSE 8187	472-6360		<i>Mary I. Blose</i>
Thelma A. Rosente #49	474-3458		<i>Thelma A. Rosente</i>
Barbara Grayson #28	474-2904		<i>Barbara Grayson</i>
Donna J. Hawk	472-7457		<i>Donna J. Hawk</i>
Paulina C. Goodwin	474-1473		<i>Paulina C. Goodwin</i>
Richard E. Swanson	468-2140		<i>Richard E. Swanson</i>
<i>John Carter</i>	728 595-492		<i>John Carter</i>
WALTER TACER	"		<i>Walter Tacer</i>
<i>Chadwick</i>	472-2908		<i>Chadwick</i>
Ed Schweske #24	468 3712		<i>Ed Schweske</i>
Charles W. Wilcox	472-4503		<i>Charles W. Wilcox</i>
Brenda Wilcox	472-4503		<i>Brenda Wilcox</i>
Arthur W. Wilcox	472-2975		<i>Arthur W. Wilcox</i>
Leanne Schoonover #38	474-4930		<i>Leanne P. Schoonover</i>
<i>Barbara</i>	#34	474-4451	<i>Barbara</i>
<i>Donna L. Norman</i>			<i>Donna L. Norman</i>

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NAME	LOT #	137 - 139	140	PHONE #	474-4398	SIGNATURE
1. Cecile Lynn Zarnach						
2. Lucien G. Goodrich				474-6419		
3. James P. Thomas				595-2907		
4. Fred K. Nielsen				474-4348		
5. Lawrence A. Nemeth				474-6432		
6. Gerald A. Evans				474-3598		
7. MARIANNE COLLINS				474-6408		
8. JERRY D. COWNS				474-6408		
9. Rene L. Schwartzbauer				474-3660		
10. Debra Busby				950-1696		
11. Deana Busby				951-5100		
12. Sidney Springs Feard				928-4686542		
13. Patti O'Neill #42				928-474-4749		
14. Susan Campbell				978-2847		
15. MARY WICK (460)				474-9570		
16. Steven Brookhart				474-0178		




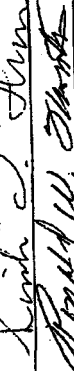
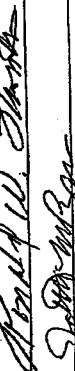
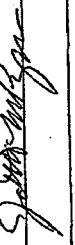
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NAME	LOT #	PHONE #	SIGNATURE
1. Donald Barker	#32+33	928-468-6751	<i>Donald E. Barker</i>
2. Judith Barker	#32+33	928-468-6751	<i>Judith L. Barker</i>
3. CEDAR DOPEX	#323	623-786-1620	<i>Heather L. Dope</i>
4. A. A. Ball Pen	#323	623-786-1620	<i>Charles L. Pen</i>
5. Marcheth Evans	#16A	480-963-5323	14802257153 <i>Marcheth Evans</i>
6. David Evans	#16A	480-963-5323	16027547937 <i>David Evans</i>
7. Alice & Barbara Enright	462	480-688-9662	1480-688-9770 <i>Herbert A. Enright</i>
8. Barbara L. Enright	462	480-688-9770	<i>Barbara L. Enright</i>
9. Sue Tallant	461	928-468-0050	<i>Sue Tallant</i>
10. Roger B. Enright	113	928-238-0001	<i>R. Enright</i>
11. Hayette Gonzalez	410	928-474-4451	<i>Hayette Gonzalez</i>
12. Charlene Adams			<i>Charlene Adams</i>
13. Lyn Boulet	#468	928-978-1680	<i>Lyn Boulet</i>
14. Fred Gonzalez	4245	928-474-4340	<i>Fred Gonzalez</i>
15.			
16.			

The names and signatures provided below are customers of Payson Water Company, Inc.'s Mesa support the Company's effort at developing additional water supplies as well as the recent application for a revised Curtailment tariff and Water Augmentation Surcharge.

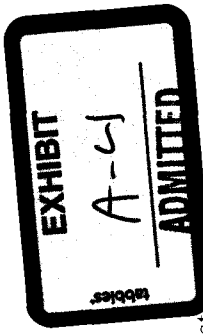
NAME	LOT #	PHONE #	SIGNATURE
1 MARK MANVELL		928-474-5957	Mark M
2 ART & IRENE GILLES		471-2484	Art
3 Evelyn Faye Hoppe		928-472-9418	Evelyn
4 DAN A PRUEH		928-469-8962	Dan
5 CHRISTY WALTON	LOT 21122	928-472-8705	Christy
6 Tracy Walcott	Lot 77	474-3635	Tracy
7 Vicki Walcott	Lot 77	480-251-1222	Vicki
8 FRED GARDNER	Lot 424J	474-4340	Fred
9 DANAIDE SAMPLE		474-3547	Danaide
10 MINDIE NORMAN	#34	474-4434	Mindie
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The names and signatures provided below are customers of Payson Water Company, Inc.'s Mesa Del Caballo water system and support the Company's effort at developing additional water supplies as well as the recent application to the Arizona Corporation Commission for a revised Curtailment tariff and Water Augmentation Surcharge.

NAME	LOT #	PHONE #	SIGNATURE
1 Richard Yeater 281	468-9495		
2 Jeanne & Sam Coppin	478-6381		
3 R. & W. Larson	970-1316		
4 Linda Thornton	4807594261		
5 Ron Thornton	(480) 759-4261		
6 Judith Muehler-401	(602) 339-1395		
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NAME	LOT #	PHONE #	SIGNATURE
Georgia H. Stratton	Lot # 162	928-474-9258	Georgia H. Stratton
Mary M. Kendrick	-	928-595-1376	Mary M. Kendrick
Richard Kendrick	7794 water plod water	928-468-2005	Richard Kendrick
Lois Kendrick	Lot 23	928-468-2140	Lois Kendrick
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The names and signatures provided below are customers of Payson Water Company, Inc.'s Mesa Del Caballo water system and support the Company's effort at developing additional water supplies as well as the recent application to the Arizona Corporation Commission for a revised Curtailment tariff and Water Augmentation Surcharge.

NAME	LOT #	PHONE #	SIGNATURE
1 Steven Schwartzbeaver	#8182	W. Barranca	928-468-2454 <i>Steven Schwartzbeaver</i>
2 Patty Behm	#7698	M. Toya Vista	928-474-2339 <i>Patty Behm</i>
3 Marcia Olson	#8226	Piedra	928-474-5996 <i>Marcia Olson</i>
4 Larry Olson	#8226	Piedra	928-474-5996 <i>Larry Olson</i>
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NAME	LOT #	PHONE #	SIGNATURE
1 Paul Widdowson	#24	623-412-0315	Paul Widdowson
2 Bill Widdowson	#24	928-474-3447	Bill Widdowson
3 James Keyworth		928-474-8787	James Keyworth
4 Patricia Keyworth		928-474-8787	Patricia Keyworth
5 Judy B. Huckey		928-474-9713	Judy B. Huckey
6 Eric B. Batchelder	#47	928-472-7704	Eric B. Batchelder
7 JACQUELYN ROBERTSON		928-474-3467	Jacquelyn Robertson
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The names and signatures provided below are customers of Payson Water Company, Inc.'s Mesa Del Caballo water system and support the Company's effort at developing additional water supplies as well as the recent application to the Arizona Corporation Commission for a revised Curtailment tariff and Water Augmentation Surcharge.

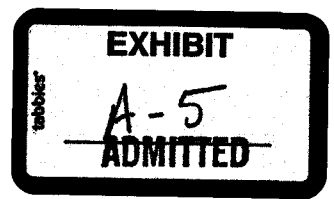
SIGNATURE

PHONE #

NAME LOT #

1	Diane Johannesen	928-468-3712	
2	Tom Schwabel	928 474 7061	Tom Schwabel
3	Edward Schwabel	928 474 7061	Edward Schwabel
4	Alan Shortridge	928-472-6858	Alan Shortridge
5	James Shortridge	928-472-6858	James Shortridge
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TARIFF SCHEDULE



Utility: _____
Docket No.: _____
Phone No.: _____

Tariff Sheet No.: 1 of 4
Decision No.: _____
Effective: _____

CURTAILMENT PLAN FOR: _____
(Template 102109)

ADEQ Public Water System No: _____

_____ ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

TARIFF SCHEDULE

Utility: _____
Docket No.: _____
Phone No.: _____

Tariff Sheet No.: 2 of 4
Decision No.: _____
Effective: _____

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least _____ signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

TARIFF SCHEDULE

Utility: _____
Docket No.: _____
Phone No.: _____

Tariff Sheet No.: 3 of 4
Decision No.: _____
Effective: _____

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least _____ signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

TARIFF SCHEDULE

Utility: _____
Docket No.: _____
Phone No.: _____

Tariff Sheet No.: 4 of 4
Decision No.: _____
Effective: _____

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply with two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

c.

TARIFF SCHEDULE

Utility: _____
Docket No.: _____
Phone No.: _____

Tariff Sheet No.: 3 of 3
Decision No.: _____
Effective: _____

Restrictions: Under Stage 4, the Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited.

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pools, spas, fountains, or ornamental ponds is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall serve water only upon request
- Any other water intensive activity shall be prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. The Company is required to notify customers by delivering written notice with each service address, or by United States first class mail to the billing address or at the Company's option both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. The Company shall have posted at least _____ signs showing the curtailment stage. Signs shall be posted at noticeable locations, like the entrance to the major subdivisions served by the Company.
3. The Company shall notify the consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Under Stage 4, the Company must rely on emergency hauling or must otherwise provide emergency drinking water for its customers.

Customers who fail to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply within two (20 working days of receipt of the notice will result in temporary loss of service until agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees.



The El Caballo Club

- Thank you for coming to our meeting.
- Introductions
- We need more members
- Please sign in with phone # & email address
- Agenda
 - Brooke Utilities
 - Water Committee
 - Q & A
- Note page at end and pens are available





Water Committee

- Timeline of committee
- Explain stages (pending approval of ACC)
- Conservation needed by community
- Fuel Reduction Project
- HC3 address no longer used after June 1st



The Verde Watershed is Dry

- AZ in drought since the 1990s
- The 2009 Monsoon season was dry
- Well production dropped from 60 gpm to 44
- Outside watering was prohibited
- Stage 3 (& higher) water restrictions
- More full time residents
- Cheap water prices unchanged in 12 years



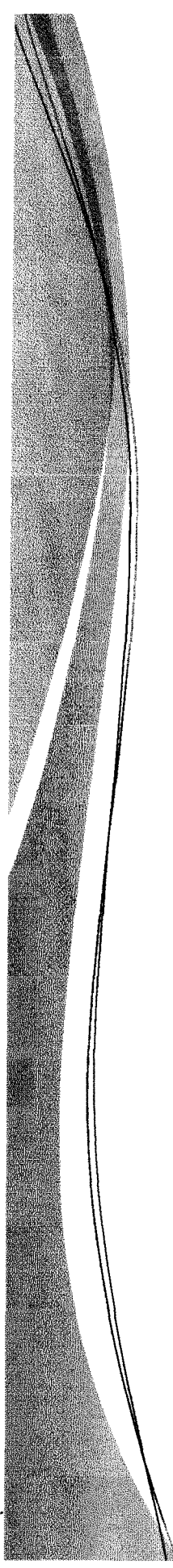
Timeline

- 6/25/09 CAC presentation by Buzz Walker on the CC Craigen project
- 8/11/09 Caballo Club board meeting
- 8/19/09 Presentation to residents of Mesa del
- 9/8/09 Met w/ Brooke Utilities' Bob Hardcastle & Myndi Brogden
- 9/29/09 Presentation on water harvesting at club house
- 10/13/09 Met w/ Buzz Walker at the Payson Water Dept
- 10/22/09 Met with ACC (AZ Corp Comm)
- 11/05/09 Brooke submits report to ACC and contracts Zonge Engineering
- 11/12/09 Letter from Gila County Sanitary District on wells



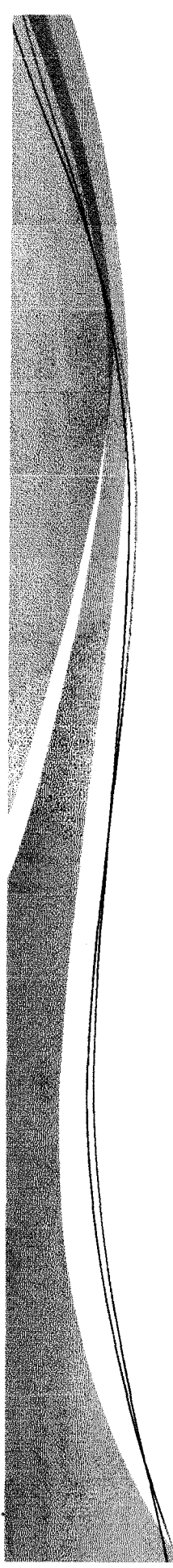
Timeline (Cont)

- 12/26/09 Helped with surveying for hydrology project
- 01/27/10 Brush clearing for Zonge
- 02/25/10 Met with Hardcastle on water for MdC
- 03/02/10 Received Project file on projects in progress
- 03/05/10 Received preliminary results from Zonge
- 03/10/10 Met w/Ann Kirkpatrick's office
- 03/11/10 Initial reports from Zonge
- 03/17/10 Final report from Zonge
- 04/08/10 This meeting



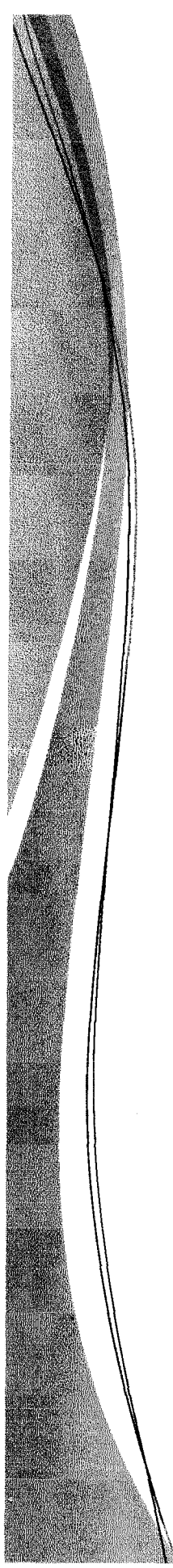
Stages ·

Our conservation goal is
to give us more control
over how we use our
water.



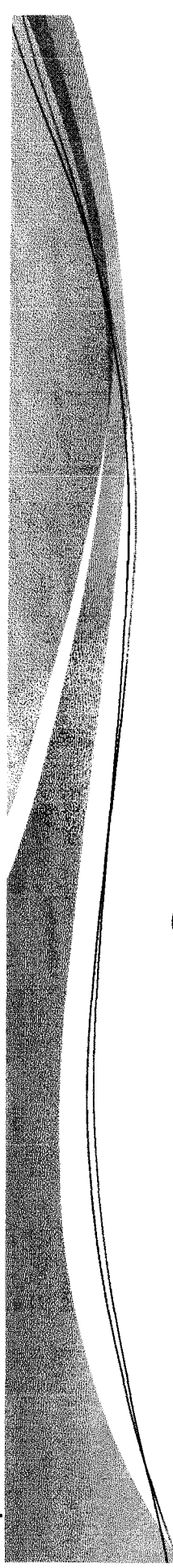
Stage 1

- Total storage capacity is 105,000 gallons
- Changes:
 - Tanks are 85-100% full
 - Outside watering
 - Odd addresses water on Tues, Thurs, & Sat
 - Even addresses water on Wed, Fri, & Sun
 - No watering on Mondays



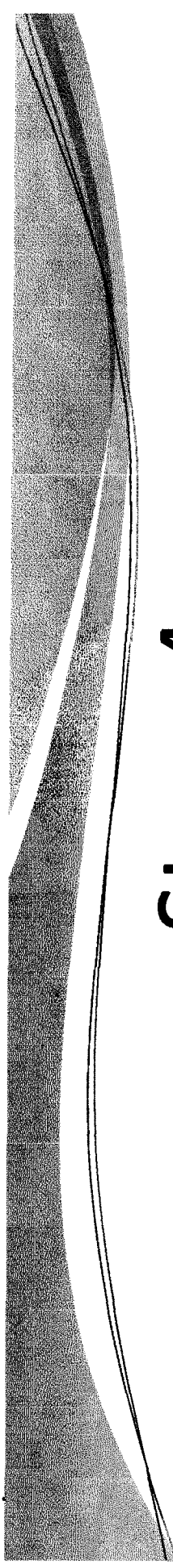
Stage 2

- Changes:
 - Tanks are 70-85% full
 - 20% reduction in usage
 - Outside watering
 - Odd addresses water on Tues & Sat
 - Even addresses water on Wed & Sun
 - No watering on Mon, Thurs, & Fri



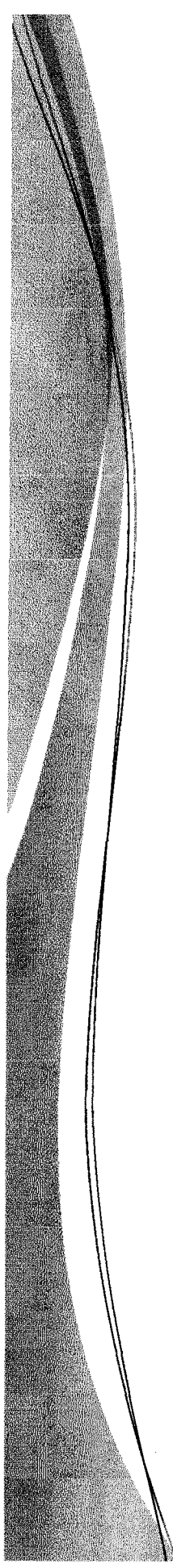
Stage 3

- Changes:
 - Tanks are 60-70% full
 - 30% reduction in usage
 - Outside watering
 - Odd addresses water on Tues & Sat
 - Even addresses water on Wed & Sun
 - No watering on Mon, Thurs, & Fri
 - Water augmentation



Stage 4

- Changes:
 - Tanks are 50-60% full
 - 40% reduction in usage
 - Outside watering
 - Odd addresses water on Tues
 - Even addresses water on Wed
 - No watering on M, Thurs, F, Sat & Sun
 - Water augmentation



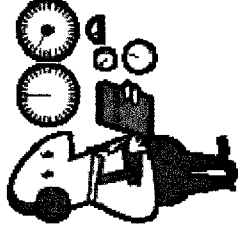
Stage 5

- Changes:
 - Tanks are 0-50% full
 - 50% reduction in usage
 - Outside watering
 - NO WATERING !!!
- Water augmentation



Daily Use Calculation

- The first things you should do is ‘become a friend of your water meter’



- Start by reading your meter, now. Jot down what the reading is and then in a week, read it again. Divide that by the number of days and that will give you an idea of your current daily usage for that week.



Daily Use Calculation

- Example, my meter reads 567000 on Friday morning and then when I read it on next Friday morning, it read 569000 I've used 2 000 gallons which divided by 7 days is 286 gallons a day. (so 286 gal times 30 days "8580 gal used in a month.)
- Say in a few days we go to mandatory Stage 3 and everyone needs to conserve 30% of the daily water usage. I now know I need to reduce my daily use by 86 gallons a day down to 200 gallons a day.
- Another important item to remember when we are in Stage 3-5 is found on page 13.



Daily Use Calculation

- Using my example of using 286 gallons a day, that would mean in 30 days I would use 8580 gallons. And if that is higher than last month's water consumption of 7000 gallons or the same month last year's consumption of 8000 I would be in violation of a water conservation Stage. But if I've reduced my daily usage down to the 200 gallons a day I'll only use 6000 gallons and I will be okay. Of course this will all depend on what your meter said the previous month or the same month last year, so----- if you have last year's bill, look at them to see how much you use each month.



Daily Use Calculation

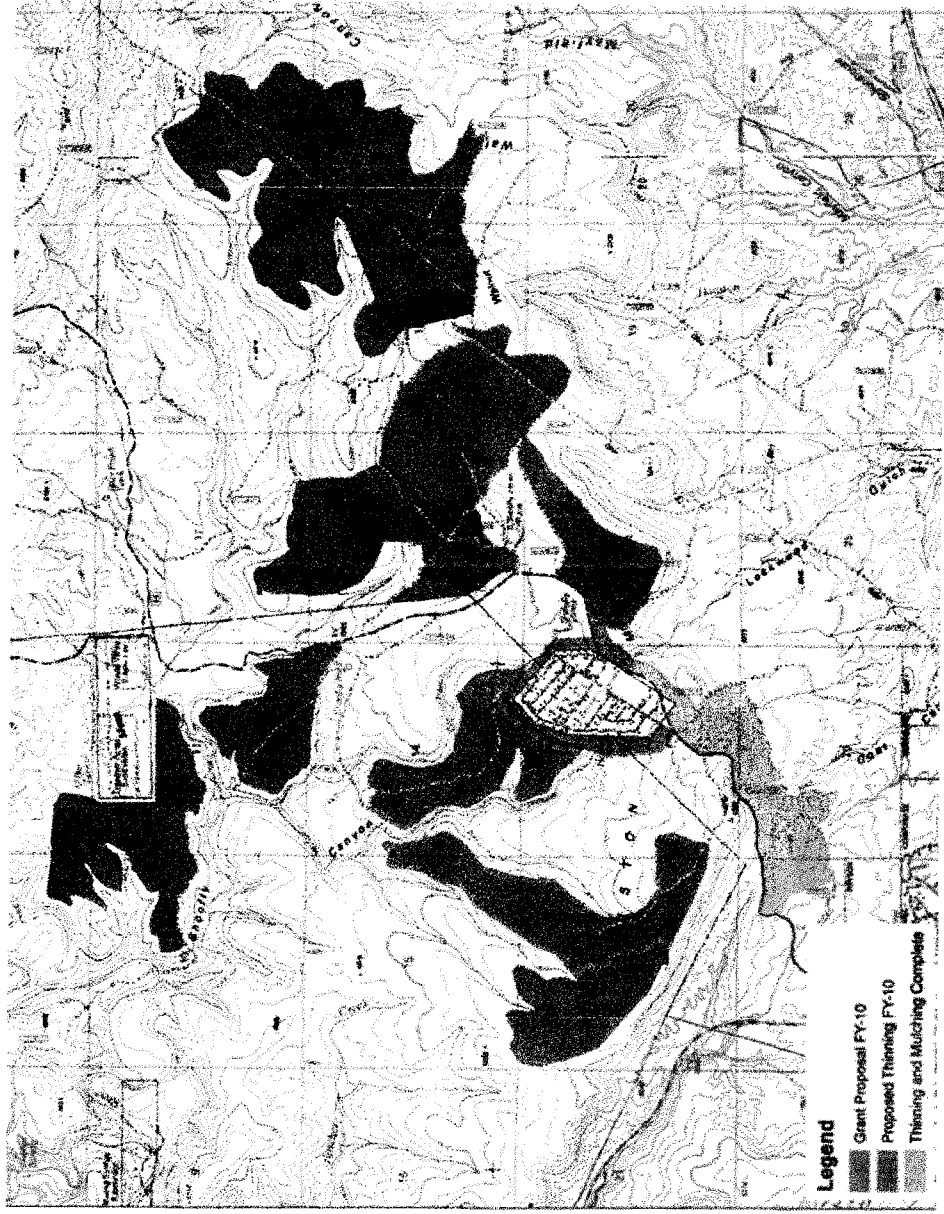
- Also, find out how much water is used by:
- Washing machine (40 gal for a large load of clothes)
- Dish washer (10 gal for a load)
- Evap cooler (10 gal a day)
- Water system (300 gal for 2 hr)
- Based on these #s I would want to reduce the outside watering to 1 hr and that would leave me 50 gallons for everyday use, so I wouldn't want to do a load of clothes and run the dishwasher the same day.



Ways to Conserve Water

- Mulching
- Container Gardening / Sq Ft Gardening
- Desert Landscaping
- Xeriscaping (use drought tolerant plants)
- Indoor Use (laundry / dishwashers)
- Gray Water
- Collect Rainwater

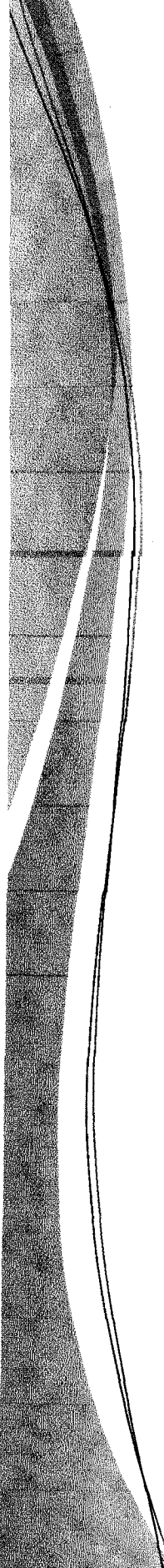
Fuel Reduction Project





USPS

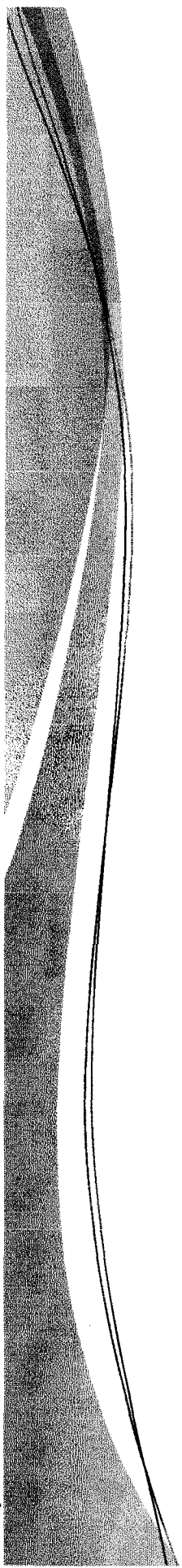
- The HC# Box # addresses will not be delivered after June 1st
- You should file change of addresses asap
- Why this is being done

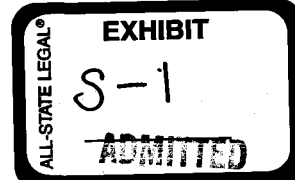


Wrapup

- We need your support
- We are working for cost effective solutions
- This community needs you

Questions?





MEMORANDUM

RECEIVED

2010 MAY 10 P 3: 22

AZ CORP COMMISSION
DOCKET CONTROL

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

DATE: May 10, 2010

RE: STAFF REPORT FOR PAYSON WATER COMPANY'S APPLICATION FOR A
WATER AUGMENTATION SURCHARGE TARIFF (DOCKET NOS. W-
03514A-10-0116 AND W-03514A-10-0117)

Attached is the Staff Report for Payson Water Company's ("Payson" or "Company") application for approval of a water augmentation surcharge tariff. Staff recommends approval of the Company's request for a water augmentation surcharge tariff, along with Staff's additional recommendations.

SMO:DRE:kdh

Originator: Darak R. Eaddy

Attachment: Original and thirteen copies

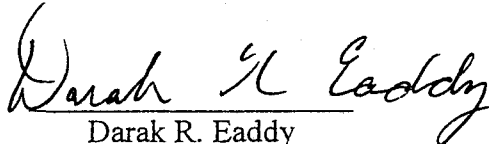
Service List for: Payson Water Company
Docket Nos. W-03514A-10-0116 and W-03514A-10-0117

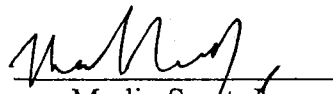
Mr. Partrick Black
Company Legal Representative
3003 N. Central Ave, Suite 2600
Phoenix, Arizona 85012

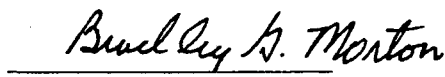
Mesa Del Water Committee
8119 Mescalero
Payson, Arizona 85541

STAFF ACKNOWLEDGMENT

The Staff Report for Payson Water Company, Docket No. W-03514A-10-0116, was the responsibility of the Staff members listed below. Darak R. Eaddy was responsible for the financial review and analysis of the Company's application. Marlin Scott, Jr. was responsible for the engineering and technical analysis. Bradley G. Morton was responsible for reviewing the Commission's records on customer complaints filed with the Commission.


Darak R. Eaddy
Public Utilities Analyst II


Marlin Scott, Jr.
Utilities Engineer


Bradley G. Morton
Public Utilities Consumer Analyst II

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

PAYSON WATER COMPANY

DOCKET NOS. W-03514A-10-0116 and W-03514A-10-0117

**APPLICATION FOR A
WATER AUGMENTATION SURCHARGE TARIFF**

MAY 10, 2010

**EXECUTIVE SUMMARY
PAYSON WATER COMPANY
APPLICATION FOR A WATER AUGMENTATION SURCHARGE TARIFF
DOCKET NO. W-03514A-10-0116**

Payson Water Company ("Payson" or "Company") is a Class C water utility that provides water service north of the town of Payson within unincorporated portions of Gila County, Arizona. As of February 28, 2010, the Company has approximately 1,502 active water service customers, 369 of which are located in the Company's Mesa del Caballo water system.

Due to the seasonal nature of customer activity on the Mesa del Caballo system, the Company experiences substantial increased water service demands during the summer months. The high summer customer demands exacerbate a continuing water supply problem for the Company. During the 2009 summer season, the Company hauled water into its system to meet its customer demands. The cost for hauling water into the Mesa del Caballo system for 2009 amounted to \$59,137. The Company states that it cannot absorb further water hauling costs without jeopardizing its financial viability. In order to meet its customer demands while maintaining viability, Payson has filed an application for approval of a water augmentation surcharge tariff with the Arizona Corporation Commission ("Commission").

The water augmentation surcharge tariff would provide for the Company to recover its water hauling costs from customers in the form of a monthly surcharge. It would be revenue neutral as it would only produce funds to cover the previous month's water hauling cost. The water augmentation surcharge tariff would only apply to the Mesa del Caballo system customers.

Because the water augmentation surcharge tariff rate will be based on actual usage, it is not possible for Staff to determine the precise financial impact of the surcharge. However based on the cost and the limitations of Payson's water hauling program and the usage pattern of Mesa del Caballo customers from the 2009 summer season, the typical 5/8 x 3/4 inch Mesa del Caballo customer with a median usage of 3,621 gallons could experience an increase from \$22.95 to \$137.97, an increase of \$115.02 or 501.2 percent, based on all water being supplied through water hauling.

Staff recommends approval of the water augmentation surcharge tariff sought by Payson Water Company.

Staff further recommends that the water augmentation surcharge tariff rate be interim and only effective until permanent rate relief is granted by the Commission.

Staff further recommends that the water augmentation surcharge tariff rate only be effective for Payson Water Company's Mesa del Caballo water system.

Staff further recommends that the water augmentation surcharge tariff rate solely cover documented expenses for hauling water into the Company's Mesa del Caballo water system.

Staff further recommends that the Company be directed to file, within 30 days of the Order, a revised rate schedule reflecting the water augmentation surcharge tariff with Docket Control, as a compliance item in this docket.

Staff further recommends that the Company provide its customers the revised tariff, and its effective date, in a form acceptable to Staff, by means of an insertion in the Company's next regularly scheduled billing.

Staff further recommends that the Company file a full rate case within 12 months of the Decision made in the instant case.

Staff further recommends that if the Company believes it will need to incur debt in order to solve its water shortage problem, that it files a financing application concurrent with the rate application.

Staff further recommends that the Company be required to post a bond or irrevocable sight draft letter of credit in the amount of \$60,000 to ensure that there is sufficient money available to refund to customers if the Commission determines in the permanent rate case that the emergency surcharge was not needed or too large. However, should the Commission choose a minimal bond as it has in some recent emergency applications; Staff recommends an additional option of posting a cashiers check with the Commission for the lower amount, e.g. 100 dollars. This option is recommended as the Company may be unable to obtain a bond or sight draft letter of credit.

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Financial Impact of Surcharge.....	3
Staff Recommendations	4

SCHEDULES

Typical Bill Analysis.....	SCHEDULE DRE-1
Water Hauling Rate	SCHEDULE DRE-2

ATTACHMENT

Engineering Memorandum	A
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Introduction

On March 31, 2010, Payson Water Company ("Payson" or "Company") filed an application for approval of a water augmentation surcharge tariff with the Arizona Corporation Commission ("Commission"). On April 5, 2010, the Company filed a motion to consolidate the instant application with a related Payson Water Company filing pertaining to the Company's proposed changes to its curtailment tariff for its Mesa del Caballo system. On April 22, 2010, a Procedural Order was issued consolidating the Company's filings and setting May 18, 2010, as the date for the hearing on the filings.

Payson's primary source of water for its operations has historically been groundwater pumped from wells located in its service area. Recently however, this source has been unable to meet customer demands during the summer season for the Company's Mesa del Caballo water system. The Company states it experiences an increase in usage and the number of customers on its Mesa del Caballo system during the summer season, as some of the Company's customers are seasonal. To meet the increased demand in 2009, the Company augmented its water supply by hauling water into its Mesa del Caballo system.

In its application, Payson stated that during the 2009 summer season the Company augmented its water supply by hauling water into its Mesa del Caballo system at a cost to the Company of \$59,137. The Company cannot further absorb water augmentation costs for the 2010 summer season thus creating the need for the water augmentation surcharge tariff.

The Company has been working with the representatives of the Mesa del Water Committee ("Water Committee") to formulate both a short and long-term plan for supplementing its water supply. Plans include changes to the Company's curtailment tariff that would apply only to the Mesa del Caballo system. The changes are believed by both Payson and the Water Committee to be needed in order to best manage available water resources for the water system. The proposed revisions to Payson's curtailment tariff are addressed by Staff in the Engineering Memorandum (Attachment A) attached to this Staff Report.

Background

Payson is an Arizona class C utility engaged in the business of providing potable water service to an area north of the town of Payson within unincorporated portions of Gila County, Arizona. Payson holds a certificate of convenience and necessity, which was transferred to its parent company Brooke Utilities in Commission Decision no. 60972, dated June 19, 1998.

The current rates have been in effect since March 28, 2000, per Decision No. 62401.

Customers

Payson provides water service to an area north of the town of Payson within unincorporated portions of Gila County, Arizona. As of February 28, 2010, Payson has

approximately 1,502 active water service customers, 369 of which are serviced by the Company's Mesa del Caballo water system.

Engineering Analysis

According to the Company's 2009 Annual Report, the Company's water system consists of nine wells (total production varies from 59 to 19 gallons per minute), five storage tanks (totaling to 105,000 gallons), numerous booster systems, and a distribution system serving approximately 370 service connections.

Based on Staff's analysis of the Company's well data, Staff concurs with the Company that the Mesa del Caballo System has a water supply problem. A complete discussion of Staff's technical findings and recommendations and a complete description of the water system are provided in the attached Engineering Memorandum (Attachment A).

Compliance

The Utilities Division Compliance Section shows no outstanding compliance issues.

Payson has no outstanding compliance issues with the Corporations Division of the Commission.

Consumer Services

A review of the Consumer Services Section database from January 1, 2007 to April 16, 2010 revealed the following customer complaints, inquiries and opinions were filed against Payson.

2007 – 17 Complaints and 1 Opinion.

2008 – 9 Complaints

2009 – 26 Complaints

2010 – 4 Complaints

All complaints have been resolved and closed.

Long-Term Planning

The Company stated in its application that its long-term plans for water augmentation include two options. The first option is to drill a new deep well that will only be viable if hydrological studies prove there is a sustainable, economically justifiable water source beneath the Mesa del Caballo system. The second option is for the Company to tap into the future C.C.

Cragin reservoir pipeline that will serve the town of Payson. The pipeline's current design will have it connected to a treatment facility located across from the Mesa del Caballo subdivision. Both options will be addressed more extensively in the Company's future permanent rate case filing.

Short-Term Planning

The Company has negotiated an agreement with the City of Payson to purchase up to 86,400 gallons of water per day to supplement the Mesa del Caballo system when water supply is inadequate to meet customer demands. The access of water sources from the City of Payson helps minimize the cost associated with hauling water due to the proximity of the city to the Mesa del Caballo system.

The Company has also explored plans for a temporary pipeline tied into the City of Payson's water system but those plans are not likely to be realized for the summer of 2010 but remain a viable option for 2011 or 2012. The Company estimates this temporary pipeline to have a rental cost for the May to September timeframe of approximately \$45,000. Additional information on the Company's temporary pipeline plans are provided in the attached Engineering Memorandum (Attachment A).

Financial Impact of Surcharge

Staff has computed the rate for Payson to haul water to be \$33.68 per thousand gallons, as shown on Schedule DRE-2. This rate represents the maximum volumetric charge the Company could charge its customers to provide water. Staff has computed this rate to depict the worst case scenario for the Company as it assumes that the Company's wells provide no water to customers. In researching the Company's water hauling charges for 2009, Staff determined that when the Company did have to haul water it was at the \$33.68 maximum rate that Staff has determined as the worst case scenario.

Based on the 2009 summer season (May to September) for the Company, Staff has computed the median usage on the system to be 3,621 gallons. The typical 5/8 x 3/4 inch Mesa del Caballo customer with a median usage of 3,621 gallons could experience an increase from \$22.95 to \$137.97, an increase of \$115.02 or 501.2 percent, based on all water being supplied through water hauling, as shown on Schedule DRE-1.

The Company cannot, however, supply all water to its customers through water hauling. In 2009, based on the Company's actual water hauling expenses, the typical customer would have experienced an increase of approximately \$16.50 per bill for usage of hauled water.

Staff believes that Payson's current situation meets the general conditions necessary for interim emergency consideration. Staff believes that Payson has experienced a situation where the ability of Payson to maintain service, pending a formal rate determination, is in serious

doubt, satisfying Condition No. 3 of the situations necessary for an interim, emergency rate set forth in Attorney General Opinion No. 71 - 17.

Because of the timing limitations inherent in emergency applications, Staff was unable to perform a full audit and based its determination on the Company's emergency application and other, readily available, sources.

Staff also recommends that the Company be required to post a bond or irrevocable sight draft letter of credit in the amount of \$60,000 to ensure that there is sufficient money available to refund to customers if the Commission determines in the permanent rate case that the emergency surcharge was not needed or too large. However, should the Commission choose a minimal bond, e.g. 100 dollars, as it has in some recent emergency applications; Staff recommends an additional option of posting a cashiers check for that amount with the Commission. This option is recommended as the Company may be unable to obtain a bond or sight draft letter of credit.

Staff Recommendations

Staff recommends approval of the water augmentation surcharge tariff sought by Payson Water Company.

Staff further recommends that the water augmentation surcharge tariff rate be interim and only effective until permanent rate relief is granted by the Commission.

Staff further recommends that the water augmentation surcharge tariff rate only be effective for Payson Water Company's Mesa del Caballo water system.

Staff further recommends that the water augmentation surcharge tariff rate solely cover documented expenses for hauling water into the Company's Mesa del Caballo water system.

Staff further recommends that the Company be directed to file, within 30 days of the Order, a revised rate schedule reflecting the water augmentation surcharge tariff with Docket Control, as a compliance item in this docket.

Staff further recommends that the Company provide its customers the revised tariff, and its effective date, in a form acceptable to Staff, by means of an insertion in the Company's next regularly scheduled billing.

Staff further recommends that the Company file a full rate case within 12 months of the Decision made in the instant case.

Staff further recommends that if the Company believes it will need to incur debt in order to solve its water shortage problem, that it files a financing application concurrent with the rate application.

Staff further recommends that the Company be required to post a bond or irrevocable sight draft letter of credit in the amount of \$60,000 to ensure that there is sufficient money available to refund to customers if the Commission determines in the permanent rate case that the emergency surcharge was not needed or too large. However, should the Commission choose a minimal bond as it has in some recent emergency applications; Staff recommends an additional option of posting a cashiers check with the Commission for the lower amount, e.g. 100 dollars. This option is recommended as the Company may be unable to obtain a bond or sight draft letter of credit.

ALL WATER SUPPLIED THROUGH WATER HAULING RATE

TYPICAL BILL ANALYSIS

Average Number of Customers: 374

Usage Category	Gallons	Present Rates	Maximum Water Hauling Rates	Dollar Increase	Percent Increase
Median Usage	3,621	\$22.95	\$137.97	\$115.02	501.2%

Present & Proposed Rates (Without Taxes) General Service 5/8 X 3/4 - Inch Meter

Gallons Consumption	Present Rates	Water Hauling Rates	% Increase
0	\$16.00	\$16.00	0.0%
1,000	17.92	49.68	177.2%
2,000	19.84	83.36	320.2%
3,000	21.76	117.05	437.9%
4,000	23.68	150.73	536.5%
5,000	26.67	184.41	591.5%
6,000	29.66	218.09	635.3%
7,000	32.65	251.78	671.1%
8,000	35.64	285.46	701.0%
9,000	38.63	319.14	726.1%
10,000	41.62	352.82	747.7%
15,000	56.57	521.24	821.4%
20,000	71.52	689.65	864.3%
25,000	86.47	858.06	892.3%
50,000	161.22	1,700.12	954.5%
75,000	235.97	2,542.18	977.3%
100,000	310.72	3,384.24	989.2%
125,000	385.47	4,226.30	996.4%
150,000	460.22	5,068.36	1,001.3%
175,000	534.97	5,910.42	1,004.8%
200,000	609.72	6,752.48	1,007.5%

ALL WATER SUPPLIED THROUGH WATER HAULING RATE

a	Maximum Daily Water to be Hauled (in gallons)	86,400
b	Maximum Amount Hauled Per Truck (in gallons)	6,500
c	Maximum Truck Loads per Day (a / b)	13.29
d	Truck Rental Fee per Hour	\$ 150.00
e	Time Required per Delivery (in hours)	1.2
f	Maximum Truck Costs per day (c x d x e)	\$ 2,392.62
g	Water rate from City of Payson (per thousand gallons)	\$ 5.99
h	Maximum Water Costs per day (a /1000 x g)	\$ 517.54
i	Maximum Monthly Water Hauling Cost (f + h)	\$ 2,910.16
j	Average Days per Month (May to September)	30.6
k	Maximum Monthly Water Hauling Cost (i x j)	\$ 89,050.94
l	Maximum Total Water Sold (a x j)	2,643,840
m	Maximum Water Hauling Rate per thousand (k / l x 1000)	\$ 33.68

MEMORANDUM

TO: Darak Eaddy
Public Utilities Analyst II
Utilities Division

FROM: Marlin Scott, Jr. *DS for*
Utilities Engineer
Utilities Division

DATE: May 6, 2010

RE: Payson Water Company – Mesa del Caballo System
Docket No. W-03514A-10-0116 (Water Augmentation Surcharge/Emergency Rate Tariff)
Docket No. W-03514A-10-0117 (Proposed Changes to Existing Curtailment Tariff)

Introduction

On March 31, 2010, Payson Water Company – Mesa del Caballo System (“Company”) filed applications for; 1) an emergency implementation of a surcharge or emergency rate tariff due to water shortages on its Mesa del Caballo System, and 2) proposed changes to its existing curtailment tariff. According to the Company, the proposed revised curtailment tariff should not go into effect unless the Company receives approval of its requested Water Augmentation Surcharge Tariff. These tariffs are linked due to the water augmentation requirements that are triggered once the curtailment tariff’s Stage 3 goes into effect.

The Company is located north of Payson, in Gila County, with its CC&N covering approximately 1/4 square-mile.

Water System

Operation

According to the Company’s 2009 Annual Report, the Company’s water system consists of nine wells (total production varies from 59 to 19 gallons per minute), five storage tanks (totaling to 105,000 gallons), numerous booster systems, and a distribution system serving approximately 370 service connections.

Capacity

According to the Company’s well data, the production of the wells vary throughout the year, from 59 to 19 GPM due to production depletions, resulting in a water supply problem. Staff has estimated the peak day demand to be 0.30 GPM per connection for evaluating well

capacity sufficiency. For its storage capacity evaluation, Staff estimated 345 gallons per day ("GPD") per connection. Using these factors, Staff determined that:

- a. The well capacity totaling 59 GPM could adequately serve up to 197 connections. However, the 59 GPM well capacity could vary throughout the year due to well production depletions; if production dropped to 47 GPM (due to the largest well not producing), this system could only serve 156 connections.
- b. The storage capacity of 105,000 gallons could provide 305 connections with one day's worth of storage. If the well production is considered in the storage capacity requirement, this system could provide up to 500 connections with one day's worth of storage.

If well production does not drop below the 59 GPM level, this water system could adequately serve up to 197 connections,

Water Hauled

Because of the Company's water supply problem last summer, the Company hauled 721,500 gallons of water at a cost of \$59,138. This water hauling occurred from May 2009 to August 2009.

Plans for Water Augmentation

Short-Term

The Company's short-term plan for water augmentation to the Mesa del Caballo System is a temporary pipeline, approximately 1.8 miles, from the Town of Payson's water system. This supplemental water supply is estimated to provide 60 GPM and could be available sometime in 2011. According to the Company, this temporary pipeline is projected to be an above-ground 3-inch High Density Polyethylene ("HDPE") pipeline that will be installed and operating only during the peak season from May 1 through September 30. The rental cost is estimated at \$300 per day, at a total of \$45,000 for a 5-month period.

Long-Term

The Company's long-term plan for water augmentation to the Mesa del Caballo System includes two options; 1) a deep well project, if feasible, or 2) tapping into the future C.C. Cragin reservoir pipeline that will serve the Town of Payson. According to the Company, these options will be addressed more fully in the Company's permanent rate case proceeding.

Proposed Revision to Curtailment Tariff

The Company currently has a curtailment tariff that was approved by Decision No. 67821 (May 5, 2005). In its application, the Company requested certain modifications to its existing

tariff. Staff has reviewed the Company's proposed modifications and has accepted most of the Company's changes with the exception of one modification, the inclusion of the "Water Consumption Calculation of Daily Use" sheet. It is Staff's opinion that this change should not be approved because it will be difficult to administer and explain to customers. Staff is also concerned that seasonal customers who do not have a water use record could be penalized and those customers who have voluntarily reduced their water use in the past could be penalized more than the heavy users.

The attached Tariff Schedule shows the Company's proposal with Staff's changes. Staff recommends approval of the attached Tariff Schedule as amended by Staff.

Arizona Department of Environmental Quality ("ADEQ") Compliance

In an ADEQ compliance status report, dated May 4, 2010, ADEQ has reported that the Company's water system, Public Water System #04-030, is in compliance with ADEQ regulations and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

Arizona Corporation Commission ("ACC") Compliance

A check with the Utilities Division Compliance Section on May 4, 2010, showed no delinquent ACC compliance items for the Payson Water Company.

Arizona Department of Water Resources ("ADWR") Compliance

The Company is not located in any ADWR Active Management Area. According to an ADWR compliance status report, dated May 5, 2010, ADWR reported that the Company is currently in compliance with departmental requirements governing water providers and/or community water systems.

Conclusions/Recommendations

Staff concurs with the Company that the Mesa del Caballo System has a water supply problem.

The Company is in compliance with ADEQ and ADWR regulations.

Staff recommends approval of the Company's proposed curtailment tariff, as amended by Staff, shown in the attached Tariff Schedule.

Staff further recommends, and concurs with the Company's request, that the proposed revised curtailment tariff not go into effect unless the Company receives approval of its requested Water Augmentation Surcharge Tariff.

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CURTAILMENT PLAN FOR PAYSON WATER COMPANY, INC.

ADEQ Public Water System: Mesa del Gaballo (#04-030)

APPLICABILITY

Payson Water Company, Inc. ("the Company") is authorized by the Arizona Corporation Commission to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff. As needed, this tariff will be implemented by the Company for customers of the Mesa del Caballo water system ("Water System").

This curtailment plan shall become a part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

For the purposes of this curtailment plan the term "Peak Season" shall be defined as the period between ~~from~~ May 1 and October 1 ~~through September 30~~ annually. The term "Off-Peak Season" shall be defined as all other periods not defined as Peak Season.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

STAGES

Stage 1 Exists When:

Water System's storage level is 85% or more of capacity and there are no known problems with production or storage.

Restrictions: Under Stage 1 conditions, the water system is deemed to be operating normally and no curtailment is necessary, except as follows: (a) no outside watering is permitted on Mondays; (b) outside water is permitted on Tuesdays, Thursdays, and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays, Fridays, and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or any form of irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

Water Augmentation: Under Stage 1 conditions, no water augmentation is required.

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Notice: Under Stage 1 conditions, no notice is required.

Stage 2 Exists When:

Water System's storage level is less than 85% of capacity but more than 70% of capacity for at least forty-eight (48) consecutive hours. Further, the Company has identified operation circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 2 conditions, **voluntary** conservation measures should be employed by customers to reduce indoor and outdoor water consumption by at least 20% as measured on a daily basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, and Fridays; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

Water Augmentation: Under Stage 2 conditions, no water augmentation is required.

Notice: Under Stage 2 conditions, the Company is required to notify customers by (a) door-to-door delivering of written notices at each service address; or, (b) by changing local water conservation staging signs; or (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 2 conditions, and a need to conserve water.

Stage 3 Exists When:

Water System's storage level is less than 70% of capacity but more than 60% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operation circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 3 conditions, **mandatory** conservation measures should be employed by customers to reduce indoor and outdoor water consumption by at least 30% as measured on a daily basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, and Fridays; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is

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permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak-Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 3 conditions, the Company shall inform customers of the Water System of the **mandatory** restriction to employ water conservation measures to reduce daily water consumption. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 3 conditions, the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other indoor or outdoor water intensive activity. Under Stage 3 conditions, the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 3 conditions, the Company will undertake reasonable measures to augment its well production until such time that Stage 2 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 3 conditions, the Company is required to notify customers by (a) door-to-door delivering of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 3 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan will result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410(B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be:

First offense:	\$200
Second offense: (also see Reconnection Fees Section)	\$350
Third offense:	\$750

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If a customer believes their water service has been disconnected in error, the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 4 Exists When:

Water System's storage level is less than 60% of capacity but more than 50% capacity of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operation circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 4 conditions, **mandatory** conservation measures should be employed by customers to reduce indoor and outdoor water consumption by at least 40% as measured on a daily basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, Fridays and Sundays; (b) outside water is permitted on Tuesdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 4 conditions, the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to reduce daily water consumption. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 4 conditions, the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other indoor or outdoor water intensive activity. Under Stage 4 conditions, the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 4 conditions, the Company will undertake reasonable measures to augment its well production until such time that Stage 3 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 4 conditions, the Company is required to notify customers by (a) door-to-door delivering of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other

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reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 4 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan will result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410(B)(1)(d). The reconnection fee for a violation of a Stage 4 curtailment notice shall be:

First offense:	\$400
Second offense: (also see Reconnection Fees Section)	\$750
Third offense:	\$1,500

If a customer believes their water service has been disconnected in error, the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 5 Exists When:

Water System's storage level is less than 50% of capacity for at least twelve (12) consecutive hours. Further, the Company has identified operation circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 5 conditions, **mandatory** conservation measures should be employed by customers to reduce indoor and outdoor water consumption by at least 50% as measured on a daily basis. Under Stage 5 conditions, no outside watering is permitted. Under Stage 5 conditions, the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 5 conditions, the following uses of water are strictly prohibited: (1) all outdoor watering; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other indoor or outdoor water intensive activity. Under Stage 5 conditions, the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

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Water Augmentation: Under Stage 5 conditions, the Company will undertake reasonable measures to augment its well production until such time that Stage 4 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 5 conditions, the Company is required to notify customers by (a) door-to-door delivering of written notices at each service address; or, (b) by changing local water conservation staging signs; or (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 5 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 5 conditions, the failure of a customer to comply with this Curtailment Plan within twelve (12) hours of receiving notice of its violation of this Curtailment Plan will result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410(B)(1)(d). The reconnection fee for a violation of a Stage 5 curtailment notice shall be:

First offense:	\$800
Second offense: (also see Reconnection Fees Section)	\$1,500
Third offense:	\$3,000

If a customer believes their water service has been disconnected in error, the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

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NOTICE

If the Company elects to provide customer water conservation stage notice by use of local sign postings, the Company shall post and maintain at least two (2) signs per water system in noticeable locations that include the entrances to major subdivisions, indicating the Company is operating under its Curtailment Plan Tariff, beginning with Stage 1. Each sign shall be at least four feet by four feet, and color-coded to denote the current stage, as follows:

- Stage 1 – Green
- Stage 2 – Blue
- Stage 3 – Yellow
- Stage 4 – Orange
- Stage 5 – Red

The Company shall notify the Consumer Services Division of the Utilities Division at least;

- Twelve (12) hours prior to entering Stage 2.
- Six (6) hours prior to entering Stage 3
- Six (6) hours prior to entering Stage 4
- For (4) hours prior to entering Stage 5

within two hours of entering Stage 3, Stage 4, or Stage 5 conditions.

RECONNECTION FEES

All reconnection fees shall be cumulative for a calendar year regardless of the Stage that an offense occurs. For example, if a customer fails to meet the requirements of a water conservation stage, observe required water conservation measures under Stage 3 condition, and after receiving notice that a water conservation stage is in effect, the reconnection fee will be \$200. If the same customer in the same calendar year commits an offense under Stage 5 conditions, the reconnection fee shall be \$1,500. By May 15 and October 15 annually, the Company shall provide the Director of the Utilities Division with a list of customers who ~~why~~ paid reconnection fees for failure to comply with the mandatory provisions of the Curtailment Plan Tariff.

Any customer who has service disconnected according to this Curtailment Plan Tariff more than once during a calendar year shall have those terminations count against them in the next calendar year for purposes of establishing the reconnection fee, should another disconnection occur.

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WATER CONSUMPTION CALCULATION OF "DAILY USE"

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4 and Stage 5 water conservation conditions, the following definition shall apply:

Customer water meter reading today, minus the customer water meter yesterday, multiplied by 30 days, compared to the higher of (a) the immediately preceding month's actual water consumption, or (b) the same month last year for the same service location. Under this definition of "daily use" the water customer shall be deemed in violation of a specific water conservation Stage if the calculation of "daily use" exceeds the higher of either (a) or (b) herein.

Example 1: Customer meter reads 0000986654 today. Customer meter reads 0000986354 yesterday. The difference in meter reads is 300 gallons for one day or 9,000 gallons for 30 days. Customer actual use in the immediately preceding month was 7,000 gallons. Customer's actual in the same month last year was 6,000 gallons. Under Stage 3 mandatory water conservation conditions the customer is required to reduce consumption 30% or 2,700 gallons. Customer is in violation of Stage 3 condition because his current "daily use" calculation is greater than either period (a) or period (b) as defined herein.

Example 2: Customer meter reads 000055411 today. Customer meter reads 000055311 yesterday. The difference in meter reads is 100 gallons for one day or 3,000 gallons for 30 days. Customer actual use in the immediately preceding month was 6,000 gallons. Customer's actual in the same month last year was 5,000 gallons. Under Stage 3 mandatory water conservation conditions the customer is required to reduce consumption 30% or 900 gallons. Customer is not in violation of Stage 3 condition because his current "daily use" calculation has been reduced more than either period (a) or period (b) as defined herein.

Example 3: Customer meter reads 003130 today. Customer meter reads 003000 yesterday. The difference in meter reads is 130 gallons for one day or 3,900 gallons for 30 days. Customer actual use in the immediately preceding month was 6,000 gallons. Customer's actual in the same month last year was 3,000 gallons. Under Stage 3 mandatory water conservation conditions the customer is required to reduce consumption 30% or 1,170 gallons. Customer is in violation of Stage 3 condition because his current "daily use" calculation has not been reduced more than period (b) as defined herein.